

STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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TO: Assessors and County Auditors

FROM: Amanda Stanley, Assistant Director of Communications *AS*

RE: Exemptions, HEA 1004-2011

DATE: May 19, 2011

Retroactive to January 1, 2011, House Enrolled Act ("HEA") 1004-2011 adds IC 6-1.1-12-46 regarding the transfer of non-exempt property to an exempt entity and the application of deductions and exemptions. This section applies to real property for an assessment date in 2011 or later if:

- (1) The real property is not exempt from property taxation for the assessment date.
- (2) Title to the real property is transferred after the assessment date and on or before the December 31 that next succeeds the assessment date.
- (3) The transferee of the real property applies for an exemption under IC 6-1.1-11 for the next succeeding assessment date.
- (4) The county property tax assessment board of appeals ("PTABOA") determines that the real property is exempt from property taxation for the next succeeding assessment date.

For the assessment date when the property was not exempt, any deductions for which the transferor was eligible for that assessment date shall be applied to the real property. Any related property tax cap credits under IC 6-1.1-20.6 also should be applied to the real property.

For example, John Smith owns a property as of March 1, 2011 and is eligible to receive the homestead and mortgage deductions on this property. The property is not exempt from taxation for the March 1, 2011 assessment date. John Smith sells his property to a church on or before December 31, 2011. The church applies for an exemption under IC 6-1.1-11 for the March 1, 2012 assessment date and the PTABOA determines that the property is exempt from taxation for the March 1, 2012 assessment date. The church will receive John Smith's deductions for the 2011-pay-2012 property taxes. The church also will receive the property tax cap credits as would have been applied to the property under John Smith's ownership. The church's exemption will apply for the 2012-pay-2013 property taxes.

Because deductions that are accurately in place as of an assessment date already were applied to the property taxes due in the following year, this section simply provides clarification for those properties transferred to an exempt entity.

If you have any questions, please contact Assistant Director of Communications Amanda Stanley at 317-233-9218 or astanley@dlgf.in.gov.